



Arnold Schwarzenegger
Governor

September 20, 2010
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Mr. Don Nakamoto, Executive Director
Verdugo Workforce Investment Board
1255 S. Central Avenue
Glendale, CA 91204

Dear Mr. Nakamoto:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Verdugo Workforce Investment Board's (VWIB) financial management and procurement systems for activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA) and Workforce Investment Act (WIA). This review was conducted by Mr. Larry Yanni from August 16, 2010 through August 20, 2010. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management. In addition, we reviewed the membership of VWIB's Local Workforce Investment Board and Youth Council.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by VWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA and ARRA grant regarding financial management and procurement for PY 2009-10.

We collected the information for this report through interviews with representatives of VWIB, a review of applicable policies and procedures, and a review of documentation retained by VWIB for a sample of expenditures and procurements for PY 2009-10.

BACKGROUND

For PY 2009-10, VWIB was allocated: \$397,517 to serve adult participants; \$768,938 to serve youth participants; and \$1,008,167 to serve dislocated worker participants.

For the quarter ending March 31, 2010, VWIB reported the following expenditures for its ARRA funded activities: \$68,639 for adult participants; \$633,062 for youth participants; and \$170,093 for dislocated worker participants. In addition, VWIB reported the following enrollments: 57 adult participants; 6 youth participants; and 111 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that, overall, VWIB is meeting applicable WIA and ARRA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We conclude that, overall, VWIB is meeting applicable WIA and ARRA requirements concerning procurement.

In addition to the above review results for VWIB's fiscal and procurement systems, we reviewed the membership of its Workforce Investment Board (WIB) and Youth Council (YC) for compliance. We found that VWIB is meeting applicable WIA and ARRA requirements concerning WIB and YC membership.

This report contains no findings or concerns; therefore, we are issuing this report as the final report.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is VWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Consequently, any deficiencies identified in subsequent reviews, such as an audit, would remain VWIB's responsibility.

Mr. Don Nakamoto

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September 20, 2010

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, cursive script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert von Studnitz, MIC 50